R J Reynolds

Tobacco Company

LARRY S. SCHREIBER
Vice President - National Accounts

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November 6, 1995

Sales		Retail	
1221		1222	
1222		1223	
1223		1226	
1224		1229	
1225		ROM	
1226		PC	SC
1229		MC	PA
1240	L.W.		
1244		RSM	RBM

Mr. Win Schiller
WAM Enterprises, Inc.
Post Office Box 853
Bay City, MI 48707

Dear Win:

Subject: R. J. Reynolds 1996 *National* Promotions Unavailable *Only* to Philip Morris Retailers With "Exclusive" Philip Morris Contracts

We must immediately notify all WAM Distributors that due to newly approved 1996 Promotional Policy and strategy, R. J. Reynolds will not provide to any retailer who is participating in a Philip Morris "Exclusive" Contract Program any of our 1996 National promotions for any of our mid-price or full price brands. This will be a Company-wide (entire customer base) policy in 1996.

This policy will be a small modification/implication to the 1996 RJR and WAM promotional schedule as follows:

1. RJR/WAM Account Managers will, as soon as possible, provide WAM Distributors a list of the retailers who we have identified as Philip Morris "Exclusive" contract retailers... these retailers may or may not be existing WAM contracted retailers. Our judgment is that only a small percent of each WAM Distributor's customer base is Philip Morris "Exclusive" retailers.

2. Beginning with the first National Promotion in March (DORAL brands) and including the National Promotions for April, July, August, and December, the WAM Books Promotion Survey sheets will contain a printed statement... "This Promotion Unavailable for Retailers Participating in Philip Morris 'Exclusive' Retail Contracts."

3. Special Note -- Important!
   All "Signature" products and any "Signature" Promotions in 1995 and 1996 are allowed (okay) to be sold and shipped to these Philip Morris "Exclusive" Contract Retailers... as RJR views "Signature" as a WAM Distributor's brand.

   Additionally, we will also allow the seven (7) brand displays of four (4) cartons @ $1.50/display allowance for January, February, May, June, September, October, November to be sold to the PM "Exclusive" Retailers... selected brand styles within these displays achieve new distribution opportunities.

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- All accrual money committed to WAM Distributors, either for "Signature" and/or all other RJR brands, will still be paid to WAM Enterprises for all cigarettes shipped to WAM Retailers... we must only exclude in the WAM Promotional Books, the National Promotions from these calls designated as Philip Morris "Exclusive."

Rationale

R. J. Reynolds feels it is in our best interest and the best interest of the retailer and wholesaler to adopt a business philosophy to allow retail co-existence (fair share of market presence) of manufacturer's best products, programs, and promotions vs. practices which exclude the category in favor of promoting a single manufacturer (Philip Morris and Marlboro).

It is our viewpoint that retailers can best maximize total cigarette category profitability if they feature, display, and promote the broadest and best brands and promotions across the breadth of the category, appealing to 100% of all smokers, not just one manufacturer's big brand -- Marlboro. In 1995, many retailers who accepted Philip Morris "Exclusive" contract and eliminated the display, P.O.S., and promotional presence of other manufacturers, lost total category sales and consumers to other retailers.

Few retailers successfully build a category sales and profits and consumer satisfaction by excluding key major brands from their stores. i.e., Hershey, but no M&M Mars; Coke, but no Pepsi; Budweiser, without Miller; Marlboro, without WINSTON, SALEM, or Kool.

Hence, in 1996, RJR will identify our "Partners," both retail and wholesale. These customers who accept our Partners Programs will receive our support and resources. Those customers who choose to stay a Philip Morris "Exclusive" customer will not receive our National Promotions, or Partners Promotions, or Retail Merchandising Contracts.

We consider the WAM Distributors as RJR Partners and, as such, ask their cooperation to exclude the National RJR Promotions from retailers who are participating in Philip Morris "Exclusive" contracts. We anticipate that modifying the WAM 1996 Promotional Schedule only to this extent, should not in any significant manner alter the Distributor's capacity to build "Signature" sales, RJR other brand sales, and still maximize the upcoming 1996 RJR Wholesale Partners Program.

Very truly yours,

Larry

Larry S. Schreiber
Vice President - National Accounts

LSS/kp

cc: J. V. Maguire
Area Vice Presidents
B. K. Stockdale
B. D. Hatter
S. G. Steen
Region Sales Managers
RJR/WAM Account Managers

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WAM DISTRIBUTORS / RJR ACCOUNT MANAGERS

Distributor	SIS No.	Sales Area	Region Manager	Account Manager	Div. No.	Reg. No.
Minter Weisman - Minneapolis, MN	428880	6000	T. Renehan	G. Palmer	6344	6300
MarMax - Rockland, IL	632644	6000	S. Karambelas	P. Stromgren	6241	6200
MarMax (Gordons) Des Moines	632646	6000	S. Karambelas	K. Claxton	6241	6200
SouthCo Dist. - Goldsboro, NC	605460	2000	G. Young	J. Sanders	2934	2900
City Wholesale - Birmingham, AL	112440	2000	B. Rissler	J. Wass	N/A	2200
Charles M. Sledd - Wheeling, WV	594120	1000	P. Schmidt	T. Varde	1740	1700
Pine State Tobacco - Augusta, ME	503160	1000	R. Kane	E. Venooker	1122	1100
Hagmans Corp. - Topeka, KS	256820	6000	D. Garrison	D. Brendel	6647	6600
Hagmans - Lenexa, KS (F. S. Edwards)	257160	6000	D. Garrison	D. Brendel	6647	6600
Hagmans - Wichita, KS	259335	6000	D. Garrison	S. Bremer	6645	6600
Hagmans - Hays, KS	366586	6000	D. Garrison	S. Bremer	6645	6600
Hagmans Corp. - Pittsburgh, KS	256920	6000	D. Garrison	D. Brendel	6647	6600
Hagmans, Inc. - Springfield, MO	257100	6000	D. Garrison	L. Powell	6647	6600
Hagmans, Inc. - Stillwater, OK	659795	6000	D. Garrison	S. Uribe	6645	6600
City Sales, Inc. - Highland, IN	958358	6000	S. Karambelas	S. Pagane	6200	6200
Cooper-Booth - Lancaster, PA	130560	1000	P. Schmidt	C. Moser	1742	1700
Axton Candy & Tob. - Louisville, KY	029160	1000	L. Poole	D. Murley	1842	1800
A. E. Wease Dist. - De Soto, MO	680400	6000	C. Van H. Dern	N. Peterson	6940	6900
Gem State - Pocatello, ID	762670	5000	G. Haisch	D. Stewart	5641	5600
Gem State - Albuquerque, NM	477320	6000	D. Garrison	M. Moore	6644	6600
Cash WA Dist. - Kearney, NE	034222	6000	D. Garrison	S. Meyers	6641	6600
Mountain Service - S. Fallsburg, NY	442680	1000	R. Farmer	R. Tanchyk	1642	1600
Peter Dennis - Phillipsberg, NJ	153480	1000	M. Young	L. Wolfe	1240	1200
Gummer Wholesale - Heath, OH	251350	1000	L. Poole	N. McCleary	1844	1800

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